

**Tennessee Student Assistance Corporation**

May 2003

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**TSAC HAS APPLIED TO BECOME A MEMBER OF ELM**

TSAC has officially requested affiliation with ELM Resources. Membership has been finalized. This move will allow TSAC to continue to remain partner-oriented with a wide range of services that promote efficiency in student loan delivery. For more information on ELM, please visit their web site; [www.elmresources.com](http://www.elmresources.com). Guarantec has been affiliated with ELM for several years.

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**DEFAULT AVERSION COUNSELING OPEN HOUSE**

It has been determined that personal contact with delinquent borrowers reduces the probability of these borrowers going into default. Therefore, R&B Receivables Management has begun conducting open house sessions with delinquent borrowers on selected campuses across Tennessee. These open house sessions instruct borrowers of their obligations, repayment choices, deferments, forbearances, etc.

The next open house session is scheduled for June 26, 27, and 28 at Tusculum College, 60 Shiloh Rd, Greeneville TN. The open house on Thursday, June 26, will be conducted from 4 p.m. until 8 p.m. The open house session on Friday, June 26, will be conducted from 3 p.m. to 7 p.m. and the Saturday, June 27, open house session will be conducted from 10 a.m. to 2 p.m.

In order to effectively publicize these open houses, R&B Receivables Management has mailed over 2100 post cards to delinquent borrowers within TASFAA District 6, inviting them to attend one of the three open house sessions in June. Over 120 e-mails have also been sent and R&B student loan counselors continue an on-going telephone campaign. A radio and television public service announcement campaign is forth coming.

Future open houses will be conducted at colleges in all 6 TASFAA districts. Those colleges that have volunteered include Christian Brothers University in District 1, Dyersburg State Community College and Freed-Hardeman University in District 2, Tennessee Technology Center at Nashville, Columbia State Community College, and Cumberland University in District 3, UT Chattanooga in District 4, and Roane State Community College in District 5.

Tennessee Student Assistance Corporation highly recommends this new program that has been developed by R&B Receivables Management. We would appreciate any assistance college campuses can provide in publicizing these default aversion open house sessions. If your institution would like to volunteer as a meeting place for these open house sessions or if you have any questions, please contact Bob Hobart at 847-867-0517 or [rhobart@randbreceivables.com](mailto:rhobart@randbreceivables.com).

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**BLANKET GUARANTEE FOR TSAC/GUARANTEC COMING SOON**

TSAC/Guarantec will soon be implementing the Blanket Guarantee process. This process allows a lender to disburse loan proceeds prior to submitting loan data for guarantee. This enhancement is for lenders only and requires that specific CommonLine fields be populated when submitting the loan data.

TSAC/GuaranTec will support the Blanket Guarantee process for CommonLine version 4 and 5. The application entry screens in e\*CLIPS will change to accommodate the Blanket Guarantee process. Because this process is specific to TSAC, the Guarantor ID will appear at the top of the screen as opposed to its current location at the bottom of the application. A Blanket Guarantee check box will also appear at the top of the screen. If the Blanket Guarantee check box is selected, lenders will be required to enter additional fields such as disbursement amounts and an approval date.

GuaranTec's implementation of Blanket Guarantee is scheduled for June 2003. Lenders who would like to participate in this process must have signed an agreement with TSAC. Please contact TSAC for further information.

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### **COMMONLINE PROCESSING TYPE CODES**

TSAC/GuaranTec would like to remind schools and lenders to use the correct CommonLine Processing Type Code for applications that are submitted to GuaranTec. We want to make sure we are printing applications when we need to and not printing them when the lender does the printing.

Those codes are:

- GO = Guarantee Only.** This code will indicate to GuaranTec to guarantee the loan (after passing guarantee edits) and not print an MPN. This code is mainly used for 'Serial' loans where a printed application is not needed.
- GP = Guarantee and Print.** This code will indicate to GuaranTec to guarantee the loan (after passing guarantee edits) and print an MPN. On 'Serial' loans, an MPN will print. Make sure you want GuaranTec to print an MPN when submitting this code.
- PO = Print Only.** This code will indicate to GuaranTec to print an MPN and send it to the borrower. The loan application is not guaranteed. This code is mainly for 'New' MPN applications where a borrower signature is needed.
- PG = Print and Guarantee.** This code will indicate to GuaranTec to print an MPN and send it to the borrower. This code will also generate a guarantee for 'Serial' MPN applications (after passing guarantee edits) and will print an MPN. Be sure you need an MPN printed for 'Serial' loans submitted under this code.

Please contact Deena Pittman at 904-281-7126; [dpittman@guarantec.com](mailto:dpittman@guarantec.com) or Michelle Rodriguez at 904-281-7027; [mrodriguez@guarantec.com](mailto:mrodriguez@guarantec.com), should you have any questions.

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### **GUARANTEC'S M.O.D. TEAM**

With all the changes that have been happening, we would like to take a minute to introduce you to the staff of our **M**arketing, **O**riginations and **D**isbursement department.

Our newest member is Jeannie Tombaugh. She is our new M.O.D. Manager. Jeannie comes to us from the eServices systems area with a wealth of knowledge. She is very excited about being on the M.O.D. team and working with TSAC and TSAC's schools and lenders. Jeannie can be reached at 904-281-7135 or [jtombaugh@guarantec.com](mailto:jtombaugh@guarantec.com).

Jeff LaMore is our new Lead Product Manager. Jeff is very excited about being on the team and is quickly learning about all of our products and sharing them with TSAC's schools and lenders. Jeff can be reached at 904-281-7217 or [jlamore@guarantec.com](mailto:jlamore@guarantec.com).

Allie Ashmead is our SSCH Product Manager. Allie has been with us since late February and is doing a wonderful job working with our SSCH schools and lenders. Allie can be reached at 904-281-4123 or [aashmead@guarantec.com](mailto:aashmead@guarantec.com).

And now our not so new faces are:

Michelle Rodriguez, Applications Supervisor. Michelle continues to supervise our application process while also being responsible for monitoring our forms process. She also helps out with other functions in our area. Michelle can be reached at 904-281-7027 or [mrodriguez@guarantec.com](mailto:mrodriguez@guarantec.com).

Bill Heath is our Client/Marketing Representative for e\*CLIPS and is located at TSAC. He travels to schools and lenders for training and takes calls for any questions about e\*CLIPS and SSCH. Bill can be reached at 615-741-1346 or [Bill.Heath@state.tn.us](mailto:Bill.Heath@state.tn.us).

Deena Pittman is our Department Analyst who helps cover a wide array of activities and functions. Deena can be reached at 904-281-7126 or [dpittman@guarantec.com](mailto:dpittman@guarantec.com).

All the members are excited about the changes to the M.O.D. team and are eager to serve TSAC and their schools and lenders. Please don't hesitate to call any of them, should you have a question or need assistance.

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### **PLUS MPN SCHEDULED FOR IMPLEMENTATION IN JUNE 2003**

The PLUS MPN is designed to allow a parent borrower use a multi-year note for one dependent student. Under the PLUS MPN process, a parent borrower will sign a PLUS MPN only once, at the time the parent first borrows for that dependent student. The parent may obtain additional loans for that same student based on the originally signed MPN, during the same year or in subsequent years, for up to ten years after the date the parent first signed the PLUS MPN. Generally, as long as the parent borrower, the dependent student, and the lender do not change, a new PLUS MPN is not required. However, as with the Stafford Loan MPN for student borrowers, the parent borrower, the school, or the lender may request that a new PLUS MPN be signed for each new loan period, even if doing so would not otherwise be required.

The use of the PLUS MPN as a multi-year note will be available to parent borrowers whose dependent students are attending any domestic school that participates in the FFEL Program. A parent whose dependent student is attending a foreign school will be able to use the multi-year feature of the PLUS MPN only if the school has been expressly approved by the Secretary to have its student and parent borrowers do so. A parent borrower whose dependent student is attending an eligible FFEL foreign school that is not approved to use the multi-year feature of the PLUS MPN will need to sign a new PLUS MPN for each new loan.

The PLUS MPN may first be used for Federal PLUS Loans for loan periods beginning on or after July 1, 2003 and must be used for all Federal PLUS Loans for loan periods beginning on or after July 1, 2004, or for any loan certified on or after July 1, 2004, regardless of the loan period.

Under the PLUS program, a parent may borrow an amount up to the full cost of attendance for the dependent student (as determined by the school) less any other aid (estimated financial assistance) awarded the student for the loan period. Regardless of the maximum amount of a PLUS Loan that the parent borrower is eligible to borrow, a lender may not make a loan that is more than the amount that the parent borrower has indicated he or she wants to borrow. Therefore, before making each PLUS Loan, the parent must indicate to either the school or the lender the PLUS Loan amount that he or she wants to borrow.

The school or the lender, depending upon which party has agreed to fulfill the function, must collect the requested loan amount from the parent borrower prior to either the school certifying each loan or the lender approving each loan, as appropriate. Regardless of the party

that has agreed to obtain the requested loan amount from the parent borrower, if the school receives a requested amount from the parent borrower, it must certify the lesser of the maximum amount for which the parent is eligible or the amount requested by the parent borrower.

Each school and lender must establish and document the process under which one of the parties will collect the requested loan amount from the parent borrower. The parent borrower must provide to the school or lender the amount of PLUS Loan funds he or she is requesting for each separate loan for each dependent student. The school certification form is designed so that the school may use it to collect the requested loan amount from the borrower. Other methods a school or lender may use to collect the parent borrower's requested loan amount include a separate PLUS loan amount request form, a parent response section on the institution's financial aid award letter, or documented telephone or electronic requests.

For questions or assistance with the PLUS MPN process, please contact Michelle Rodriguez at (904) 281-7027 or by e-mail at [mrodriguez@guarantec.com](mailto:mrodriguez@guarantec.com).

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## **FEDERAL UPDATE**

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### **GUIDANCE ON DEPENDENCY OVERRIDES: GEN-03-07**

ED released GEN-03-07 (<http://www.ifap.ed.gov/dpccletters/GEN0307.html>) containing guidance on dependency overrides by financial aid administrators. It re-emphasizes the department's guidance in the FSA Handbook. The article refers to the 2002-2003 FSA Handbook, Application and Verification Guide. The 2003-2004 FSA Handbook, Application and Verification Guide, contains the same wording.

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### **ED RELEASES THE 2003-2004 FSA HANDBOOK**

ED has now released all volumes of the 2003-2004 FSA Handbook (<http://www.ifap.ed.gov/IFAPWebApp/currentSFAHandbooksYearPag.jsp?p1=2003-2004&p2=c>). The volumes are available in Adobe Acrobat format.

ED will print and distribute paper copies of the FSA Handbook. However, schools are reminded that they must follow the guidance in the Handbook even if they do not have a paper copy. The volumes are available on-line at the above link. They can be printed out or read on-line. Schools are required to have access to the Internet as part of their administrative capability to administer Title IV aid.

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### **INTEREST RATES FOR JULY 1, 2003- JUNE 30, 2004**

Interest rates for Stafford and PLUS loans for the period July 1, 2003 to June 30, 2004 were announced.

- Stafford Loan (In-School Rate): 2.82%
- Stafford Loan (Repayment Rate): 3.42%
- PLUS Loan (Rate): 4.22%
- Consolidation Loans (In-School Rate): 2.88%

- Consolidation Loans (Repayment Rate): 3.5%

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### **NASFAA MAKES TAX GUIDES AVAILABLE TO ALL**

NASFAA updated its guide on the Hope Scholarship and Lifetime Learning tax credits and added a section describing federal tax deductions for tuition and fees. The “Parent and Student Guide to Federal Tax Benefits for Tuition and Fees” (<http://www.nasfaa.org/ParentsStudents.asp?Tab=ParentsStudents>) is available to everyone. NASFAA encourages schools to make the guide or links to the guide available to parents and students. The guide provides links to related Internal Revenue Service (IRS) publications.

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### **FSA COACH 2002-2003 RELEASED**

ED announced the release of FSA Coach 2002-2003 (<http://www.ifap.ed.gov/dpclatters/ANN0305.html>). The online training program contains approximately 40 hours of self-paced instruction suitable for new financial aid staff, cross-training staff, and personnel working in lending institutions, TRIO programs, and other organizations in the financial aid community.

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### **EDEXPRESS FOR WINDOWS 2003-2004, VERSION 9.1 RELEASED**

Ed released EDEExpress for Windows 2003-2004, Version 9.1. The software (<http://www.sfadownload.ed.gov/softexpress0304.htm>), as well as the Installation Guide, Cover Letter, Application Processing Desk Reference, Packaging Desk Reference, Direct Loan Desk Reference, and related Technical References are all available. This release includes Direct Loan and Pell Grant modules for the 2003-2004 award cycle and incorporates other changes to the software.

On May 8, ED issued the third in a series of network messages (<http://www.ifap.ed.gov/eannouncements/0507CODEDERoutingIDs.html>) from FSA regarding using EDEExpress to process Pell and Direct Loan records via the Common Origination and Disbursement (COD) system. This electronic announcement provides instructions on using a COD Routing ID when setting up the 2003-2004 EDEExpress Pell and Direct Loan modules.

On May 14, ED issued two electronic announcements. The first announcement (<http://www.ifap.ed.gov/eannouncements/0514EDEExpresspellDLXML.html>) provides actions that users may take to make optimal use of the new XML (Extensible Markup Language) format. The second announcement (<http://www.ifap.ed.gov/eannouncements/0514PelIDLEntityID.html>) provides instructions to eliminate a “Missing Entity ID” Start-up message in EDEExpress 9.1.

On May 15, ED announced an ISIR correction issue. If any ISIR contained more than 12 corrections, it caused the batch to be rejected by the Central Processing System. The May 15 announcement (<http://www.ifap.ed.gov/eannouncements/0515EDEEx9pt1CORR.html>) contains suggestions for workarounds that schools can use until a permanent fix can be made.

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## **EDCONNECT VERSION 5.2 REQUIRED FOR TRANSMISSION OF 2003-2004 COD COMMON RECORD FILES**

On May 9, ED sent an electronic announcement (<http://www.ifap.ed.gov/eannouncements/0509UpgradeEDconnect5pt2.html>) stating that EDconnect Version 5.2 is available and must be used to submit 2003-2004 Common Origination and Disbursement (COD) Common Record (COMRECIN) message class. Submissions using the older EDconnect Version 5.0 or 5.1 will result in rejections of data. EDconnect Version 5.2 is available on the SFA Download Site (<http://fsadownload.ed.gov/softedconnect.htm>).

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## **ED ANNOUNCES 2003-2004 CAMPUS-BASED DEADLINES**

On May 12, ED released deadlines for the 2003-2004 campus-based programs in a Federal Register (<http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-11761.pdf>). The Federal Register provides deadline dates for applications for the Federal Perkins Loan Program, the Federal Work-Study Program, and the Federal Supplemental Opportunity Grant Program. The Federal Register is provided in Adobe Acrobat format.

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## **CB-03-07: REQUESTING A WAIVER OF 2003-2004 FWS PROGRAM COMMUNITY SERVICE EXPENDITURE REQUIREMENTS**

CB-03-07 (<http://www.ifap.ed.gov/dpcletters/CB0307.html>) provides information on requesting a waiver of the 2003-2004 Federal Work-Study Program community service expenditure requirements.

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## **IRS TO CHANGE PROCEDURE FOR OBTAINING TAX RETURNS AND "1722 LETTERS"**

According to the IRS Stakeholder, Partnership, Education and Communication (SPEC) Office, as of October 1, 2003, IRS Walk-In Offices will no longer provide transcripts of tax returns, copies of tax returns, or 1722 letters. This information will only be available from the IRS by written request or by calling 1-800-829-1040. The IRS provided the following, which can be reprinted and provided to students and parents who need to obtain such information.

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### **IRS INSTRUCTIONS FOR OBTAINING TRANSCRIPTS OF TAX RETURNS, COPIES OF TAX RETURNS, OR 1722 LETTERS\***

Call **1-800-829-1040** and request a transcript by the automated system. Please follow the options listed below.

<b>WHEN CALLING BETWEEN THE HOURS of 7:00 a.m. and 10:00 p.m., PLEASE SELECT THE FOLLOWING OPTIONS:</b>
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- Option 2 (**Personal Tax Account**)
- Option 2 (**Personal Tax Account**) (In response to second set of options)
- Enter your Taxpayer ID Number (**SSN, ITIN, or EIN**).
- Option 1 (**Transcripts**)
- Enter the **Numbers** in your street address.
- Enter the **year** of the Return you are requesting.

<p align="center"><b>IF YOU ARE CALLING AT ANY OTHER TIME, PLEASE SELECT THE FOLLOWING OPTIONS:</b></p>
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- Option 2
- Enter your Taxpayer ID Number (**SSN, ITIN, or EIN**).
- Option 1
- Enter the **Numbers** in your street address.
- Option 2
- Enter the **year** of the Return you are requesting.

**Your transcript(s) will be mailed within 10 to 15 days**

**OR**

1. You may complete Form 4506, REQUEST FOR COPY OR TRANSCRIPT OF TAX FORM, and mail it to the address indicated on the form. You should receive your transcript within **10 - 15 days**. (Form 4506 is available at <http://www.irs.gov/pub/irs-fill/f4506.pdf>.)

\* Note: 1722 letters document information on an individual's tax return.

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### **COMPUTER MATCHING BETWEEN ED AND DOJ ON DRUG QUESTION**

ED released a Federal Register on May 13 announcing that computer matching of information submitted to ED via the Free Application for Federal Student Aid (FAFSA) with information contained in the Department of Justice (DOJ) Denial of Federal Benefits Clearinghouse System (DEBAR). The DEBAR system contains information on individuals who have been convicted of offenses involving drug trafficking or possession of a controlled substance who have been denied Federal benefits by Federal or State courts. The Federal Register ([http://www.access.gpo.gov/su\\_docs/fedreg/a030513c.html](http://www.access.gpo.gov/su_docs/fedreg/a030513c.html)) states that the matching will begin on or about June 19, 2003, and will continue for at least 18 months. It may be extended for one more year. When following the link above, scroll down to the only entry for the Education Department. The Federal Register is available in Adobe Acrobat or MS Word format.

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### **FRAUD ALERT: UCC BILLS OF EXCHANGE**

ED Office of General Counsel has issued instructions on how to handle "UCC Bills of Exchange." These bills have been submitted to lenders by a few students to pay their student



loans. The "UCC Bills of Exchange" are worthless. Students go to a Web site operated by an individual named Barton Buhtz who advertises his services as a "Consumer Advocate." For a fee, he draws up the bills of exchange and submits them for the borrowers.

The Office of the Comptroller of the Currency issued Alert #7 (<http://www.occ.treas.gov/Altlst03.htm>) to lenders. The Department of Treasury instructed anyone receiving such a fictitious document to:

1. Retain the document and file a Suspicious Activity Report.
2. Deliver the original fictitious instrument and a copy of the Suspicious Activity Report to the local office of the Federal Bureau of Investigation.
3. Provide the Office of the Comptroller of the Currency with a copy of the documents and the Suspicious Activity Report.

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### **ATTENTION LENDERS: ED ISSUES A NOTICE OF PROPOSED INFORMATION COLLECTION REQUEST**

ED issued a Notice of Proposed Information Collection Requests ([http://www.access.gpo.gov/su\\_docs/fedreg/a030514c.htm](http://www.access.gpo.gov/su_docs/fedreg/a030514c.htm)) regarding the Lender's Request for Payment of Interest and Special Allowance (LaRS – ED Form 799). The deadline for submitting comments is July 14, 2003. When following the above link, scroll down to the Education Department heading and select "Agency information collection activities; proposals, submissions, and approvals, 25867-25868 [03-11979]." The information is available in MS Word or Adobe Acrobat format.

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### **IMPLEMENTING EZ-AUDIT**

A May 16 Federal Register ([http://www.access.gpo.gov/su\\_docs/fedreg/a030516c.html](http://www.access.gpo.gov/su_docs/fedreg/a030516c.html)) provides notice that a new electronic process (eZ-Audit) will be implemented on June 16, 2003. Institutions may voluntarily begin using eZ-Audit immediately but will be required to begin using it on June 16. eZ-Audit is a Web based process designed to facilitate the submission of compliance and financial statement audits, expedite the review of those audits by ED, and provide more timely and useful information to institutions regarding ED's review. When following the link, scroll down to the Education Department and select either MS Word or Adobe Acrobat format. The Federal Register is the final one in the Education Department's area and contains the phrase "eZ-Audit." The Federal Register also directs the schools to IFAP Electronic Announcements for additional information on eZ-Audit. Recent electronic announcements concerning eZ-Audit are April 7 (<http://www.ifap.ed.gov/eannouncements/0407eZAuditUpdtFAQRegiRules.html>), March 31 (<http://www.ifap.ed.gov/eannouncements/0328GuideUsingeZAudit.html>), March 5 (<http://www.ifap.ed.gov/eannouncements/0305ezAuditFAQ.html>), February 19 (<http://www.ifap.ed.gov/eannouncements/0219eZAuditFactSheetSchFeb15.html>), February 5 (<http://www.ifap.ed.gov/eannouncements/0205RegiInstrueZAudit.html>), and January 21 (<http://www.ifap.ed.gov/eannouncements/0121eZAuditRegiInstr.html>).

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**If you have questions on any article or suggestions for future articles, please contact Gary Rogers at 800-342-1663 or 615-741-1346; e-mail address: [gary.rogers@state.tn.us](mailto:gary.rogers@state.tn.us).**